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FM AMEMBASSY ASHGABAT

TO RUEHC/SECSTATE WASHDC PRIORITY 1794

INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE

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C O N F I D E N T I A L ASHGABAT 001431

SIPDIS

STATE FOR SCA/CEN, EEB

E.O. 12958: DECL: 11/02/2018

TAGS: EPET PREL PGOV ENRG EINV TX

SUBJECT: TURKMENISTAN: EXXONMOBIL STILL CASTING ABOUT FOR  
AN ONSHORE GAS PROJECT

REF: A. ASHGABAT 404

1B. ASHGABAT 740

1C. ASHGABAT 1169

Classified By: Charge d'Affaires a.i. Sylvia Reed Curran  
for reasons 1.4 (B) and (D).

11. (C) On November 3, ExxonMobil Caspian Area Manager Rob Young and Regional Upstream Coordinator David Rekhviashvili met with the Charge to discuss ExxonMobil's interest in doing an onshore project in Turkmenistan. Young said they were here to make a proposal to the Turkmenistan government to develop the South Yolaten-Osman gas field. He noted that following the excitement generated by the results of the Gaffney Cline audit and Turkmenistan's appeal at the Baku conference for help in treating high-sulfur gas, the timing was right for ExxonMobil to offer its expertise in this area.

12. (C) In making ExxonMobil's case, Young pointed out that a gas producer should not rely on the single option of marketing the sulfur by-product as a commercial product. Production of the primary product, gas, should not be constrained by possible disposal issues if the sulfur can not be marketed. ExxonMobil could offer technology to reinject sulfur into the subsurface, which would provide a second, safe disposal option for excess sulfur. According to Young, depending on the level of Turkmen gas production, up to eight million tons of sulfur could be produced each year. Production of 100 bcma of gas would generate five bcma of sulfur in need of appropriate handling.

13. (C) During their visit, the ExxonMobil officials were hoping to meet with TurkmenGas Chief Baymyrat Hojamuhamedov, State Hydrocarbons Agency Chief Yagshygeldi Kakayev and Oil and Gas Minister Annaguly Deryaev. However, none of the meetings were yet confirmed. Young mentioned that ExxonMobil was still trying to arrange a meeting for company officials with President Berdimuhamedov, but the company has had difficulty in figuring out how to gain access. He recognized the importance of developing a relationship with government officials, saying that Turkmenistan government decisions to award contracts are not made on a project's technical merits alone.

¶4. (C) Before ExxonMobil would open an office in Ashgabat, Young indicated the company would need to see that the door to onshore projects will open to foreign companies. On the other hand, he noted that ExxonMobil was used to playing a long-term game. He said that, during his meetings with Turkmenistan officials, he would invite them to Houston. Training for Turkmen nationals would also be part of any proposal, citing ExxonMobil's worldwide practice of developing the future managers as part of the company's general modus operandi.

¶5. (C) COMMENT: ExxonMobil has expressed its interest in doing an onshore project to the Turkmen, but it seems to lack a game plan to advance its case. While ExxonMobil officials acknowledged that the best technology alone won't necessarily prevail, they seemed at a loss as to how to best make their case to Turkmen officials and present the company as a desirable partner. In the meantime, other international companies have been more proactive in opening offices, sending letters of congratulations on auspicious holidays, hosting overseas study trips and offering diverse training opportunities in order to demonstrate their commitment and the potential benefits for the Turkmen side. One problem may be that the local representative here acts as an administrative assistant, and does not meet regularly with oil and gas officials, developing contacts. In that sense, ExxonMobil's efforts appear somewhat half-hearted compared to its rivals, which might be a factor in the event onshore projects are ever permitted. END COMMENT.

CURRAN